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General Fund Budget Reduction Order 10-02

COMMONWEALTH OF KENTUCKY
OFFICE OF STATE BUDGET DIRECTOR

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Allen

**AN ORDER DIRECTING THE REDUCTION OF CERTAIN APPROPRIATIONS
TO APPROPRIATION UNITS OF THE GOVERNMENT OF THE
COMMONWEALTH AND DIRECTING CERTAIN FUND TRANSFER
ACTIONS TO PREVENT A DEFICIT IN THE FINANCES OF THE
COMMONWEALTH OF KENTUCKY**

WHEREAS, funds were budgeted and appropriated for the operation, maintenance, support, and functioning of the Government of the Commonwealth of Kentucky for fiscal year 2009-2010, by the 2008 Regular Session of the General Assembly, based on a General Fund revenue estimate of \$9,258,789,000 as specified in 2008 Kentucky Acts Chapter 127, Part VI; and

WHEREAS, actions enacted by the 2009 Regular Session of the General Assembly revised the fiscal year 2009-2010 General Fund revenue estimate to \$9,417,589,000 as specified in Section 1 of House Bill 4 enacted by the 2009 First Extraordinary Session of the General Assembly; and

WHEREAS, on May 29, 2009, the Consensus Forecasting Group revised downward the official General Fund revenue estimate for fiscal year 2009-2010 to \$8,412,270,000; and

WHEREAS, the 2009 First Extraordinary Session of the General Assembly enacted House Bill 3 and House Bill 4 that decreased the official fiscal year 2009-2010 General Fund revenue estimate to \$8,408,170,000 resulting in a General Fund revenue shortfall of \$1,009,419,000; and

WHEREAS, General Fund Budget Reduction Order 10-01, as issued on September 18, 2009, and House Bill 4 from the 2009 First Extraordinary Session of the General Assembly addressed that revenue shortfall; and

WHEREAS, on December 21, 2009, the Consensus Forecasting Group revised downward the official General Fund revenue estimate for fiscal year 2009-2010 to \$8,308,270,000 resulting in a revenue shortfall of \$99,900,000; and

WHEREAS, the revised General Fund estimate results in an estimated \$7,087,200 combined increase in the statutorily required appropriation amounts for the two severance tax-based appropriation units: the Local Government Economic Development Fund and the Local Government Economic Assistance Fund, which is \$12,702,500 less than the amounts contemplated in General Fund Budget Reduction Order 10-01; and

WHEREAS, General Fund Budget Reduction Order 10-01 reduced the Medicaid Benefits appropriation unit based on the ability to replace these reductions with federal funds from

the American Recovery and Reinvestment Act, the Governor is modifying in this Order the actions of General Fund Budget Reduction Order 10-01 based on updated estimates of program expenditures by modifying the General Fund appropriation reduction for the Medicaid Benefits appropriation unit from \$424,771,600 to \$416,397,200; and

WHEREAS, the General Fund Budget Reduction Plan as set forth in Section 1 of House Bill 4, as enacted by the 2009 First Extraordinary Session of the General Assembly, after the application of subsections 1 through 5, directs the reduction of General Fund appropriations in Executive Branch Agencies' operating budget units by a sufficient amount to balance fiscal year 2009-2010; and

WHEREAS, the General Fund appropriation reductions directed in this Budget Reduction Order are mitigated by the replacement of \$25,000,000 in federal funds from the American Recovery and Reinvestment Act which will avert significant spending reductions in the Department of Corrections; and

WHEREFORE, it is necessary to effect a reduction in General Fund appropriations to the appropriation units of the Commonwealth to prevent such deficit;

NOW, THEREFORE, it is hereby found by the State Budget Director, with the approval of the Governor of the Commonwealth, and pursuant to the authority vested in the Office of State Budget Director and the Secretary of the Finance and Administration Cabinet by 2008 Kentucky Acts Chapter 127, Part VI, as amended by House Bill 4 enacted by the 2009 First Extraordinary Session of the General Assembly, and Chapter 48 of the Kentucky Revised Statutes, that it will be necessary, to prevent a deficit in the finances of the Commonwealth, to reduce the appropriations for fiscal year 2009-2010 to the appropriation units of the Government of the Commonwealth from the amounts appropriated, to the amounts hereinafter set forth; and, having so found, it is hereby ordered and directed that the appropriations to the appropriation units of the Government of the Commonwealth be reduced to, and allotments adjusted on the basis of the amounts hereinafter listed, to wit:

<u>Appropriation Unit</u>	<u>FY 2009-2010 General Fund Current Appropriation</u>	<u>FY 2009-2010 General Fund Revised Appropriation</u>	<u>FY 2009-2010 General Fund Appropriation Modifications</u>
General Government			
Office of the Governor	8,014,000	7,840,700	(173,300)
Office of State Budget Director	3,574,600	3,472,500	(102,100)
State Planning Fund	203,500	197,700	(5,800)
Homeland Security	237,900	231,100	(6,800)
Veterans' Affairs	17,617,200	17,617,200	0
Kentucky Infrastructure Authority	7,916,400	7,867,400	(49,000)
Military Affairs	43,653,200	43,370,500	(282,700)
Commission on Human Rights	1,897,800	1,844,800	(53,000)
Commission on Women	228,500	228,500	0
Department for Local Government	9,238,300	9,000,700	(237,600)
Local Government Economic Assistance Fund	56,989,350	56,989,350	0
Local Government Economic Development Fund	46,256,050	46,256,050	0
Area Development Fund	639,500	621,200	(18,300)
Executive Branch Ethics Commission	456,600	456,600	0
Secretary of State	1,957,600	1,901,600	(56,000)
Board of Elections	2,782,612	2,782,612	0
Registry of Election Finance	1,277,200	1,277,200	0
Attorney General	12,211,300	11,862,300	(349,000)
Commonwealth Attorneys	36,164,100	36,164,100	0
County Attorneys	31,012,800	31,012,800	0
Treasury	1,831,900	1,779,500	(52,400)
Agriculture	19,682,273	19,164,773	(517,500)
Auditor of Public Accounts	5,137,800	4,990,900	(146,900)
Kentucky River Authority	1,063,000	1,054,700	(8,300)
School Facilities Construction Commission	110,409,100	110,409,100	0
Teachers' Retirement System	201,252,600	201,252,600	0
Judgments	200,974	200,974	0
ANOC - Misc Appropriations	8,776,100	8,776,100	0
Total-General Government	630,682,259	628,623,559	(2,058,700)
Economic Development Cabinet			
Secretary	14,841,100	14,841,100	0
Financial Incentives	28,134,407	28,134,407	0
Business Development	5,020,700	5,020,700	0
Total-Economic Development Cabinet	47,996,207	47,996,207	0
Department of Education			
SEEK	2,720,595,500	2,720,595,500	0
Executive Policy and Management	654,500	654,500	0
Operations and Support Services	46,011,200	44,271,200	(1,740,000)
Learning and Results Services	873,828,120	865,566,520	(8,261,600)
Total-Department of Education	3,641,089,320	3,631,087,720	(10,001,600)

<u>Appropriation Unit</u>	<u>FY 2009-2010 General Fund Current Appropriation</u>	<u>FY 2009-2010 General Fund Revised Appropriation</u>	<u>FY 2009-2010 General Fund Appropriation Modifications</u>
Education & Workforce Development Cabinet			
General Administration and Program Support	3,121,100	3,031,900	(89,200)
Deaf and Hard of Hearing	877,800	852,700	(25,100)
Kentucky Educational Television	13,010,200	13,010,200	0
Libraries and Archives-General Operations	6,497,000	6,311,300	(185,700)
Libraries and Archives-Direct Local Aid	5,776,100	5,670,500	(105,600)
Office for the Blind	1,245,300	1,207,900	(37,400)
Career and Technical Education	26,364,300	26,364,300	0
Vocational Rehabilitation	11,841,500	11,841,500	0
Education Professional Standards Board	8,348,800	8,348,800	0
Total-Education & Workforce Development Cabinet	77,082,100	76,639,100	(443,000)
Energy and Environment Cabinet			
Public Service Commission	13,327,271	13,065,971	(261,300)
Kentucky Nature Preserves Commission	1,120,400	1,120,400	0
Office of the Secretary	3,985,800	3,985,800	0
Energy Development and Independence	1,690,300	1,643,500	(46,800)
Natural Resources	35,231,600	34,675,800	(555,800)
Environmental Protection	23,791,800	23,527,000	(264,800)
Total-Energy and Environment Cabinet	79,147,171	78,018,471	(1,128,700)
Finance and Administration Cabinet			
General Administration	7,978,800	7,750,700	(228,100)
Controller	7,551,000	7,336,900	(214,100)
Debt Service	321,895,700	321,895,700	0
Facilities and Support Services	6,005,300	5,833,500	(171,800)
County Costs	16,581,500	16,581,500	0
Revenue	75,586,800	75,586,800	0
Property Valuation Administrators	36,229,800	36,229,800	0
Total-Finance and Administration Cabinet	471,828,900	471,214,900	(614,000)
Health and Family Services Cabinet			
General Administration and Program Support	34,875,500	34,875,500	0
Children with Special Health Care Needs	5,500,500	4,100,500	(1,400,000)
Medicaid Administration	36,856,000	34,777,000	(2,079,000)
Medicaid Benefits	859,934,222	868,308,622	8,374,400
Income Support	3,067,200	1,669,700	(1,397,500)
Behavioral Health Development and Intellectual Disabilities	192,174,300	192,174,300	0
Public Health	68,358,300	62,777,600	(5,580,700)
Health Policy	539,000	418,000	(121,000)
Family Resource Centers and Volunteer Services	434,900	434,900	0
Aging and Independent Living Services	43,521,600	43,021,600	(500,000)
Community Based Services	337,377,100	337,377,100	0
Total-Health and Family Services Cabinet	1,582,638,622	1,579,934,822	(2,703,800)

<u>Appropriation Unit</u>	<u>FY 2009-2010 General Fund Current Appropriation</u>	<u>FY 2009-2010 General Fund Revised Appropriation</u>	<u>FY 2009-2010 General Fund Appropriation Modifications</u>
Justice and Public Safety Cabinet			
Justice Administration	11,482,900	11,154,300	(328,600)
Juvenile Justice	81,490,000	79,086,900	(2,403,100)
State Police	56,235,500	56,235,500	0
Corrections Management	6,661,700	6,469,900	(191,800)
Adult Correctional Institutions	218,416,100	193,416,100	(25,000,000)
Community Services and Local Facilities	149,639,400	149,639,400	0
Local Jail Support	15,355,516	15,355,516	0
Public Advocacy	38,049,500	38,049,500	0
Total-Justice and Public Safety Cabinet	577,330,616	549,407,116	(27,923,500)
Labor Cabinet			
Workplace Standards	2,031,900	1,973,800	(58,100)
General Administration and Program Support	3,453,400	3,359,900	(93,500)
Total-Labor Cabinet	5,485,300	5,333,700	(151,600)
Personnel Cabinet			
State Group Health Insurance Fund	1,924,900	1,870,000	(54,900)
Total-Personnel Cabinet	1,924,900	1,870,000	(54,900)
Postsecondary Education			
Council on Postsecondary Education	53,660,100	53,165,000	(495,100)
Eastern Kentucky University	70,692,700	70,692,700	0
Kentucky State University	24,639,500	24,639,500	0
Morehead State University	42,593,300	42,593,300	0
Murray State University	48,413,800	48,413,800	0
Northern Kentucky University	50,280,900	50,280,900	0
University of Kentucky	293,887,000	293,887,000	0
University of Louisville	169,896,400	169,896,400	0
Western Kentucky University	75,555,800	75,555,800	0
Kentucky Community & Technical College System	200,554,700	200,554,700	0
Kentucky Higher Education Assistance Authority	188,060,375	188,060,375	0
Total-Postsecondary Education	1,218,234,575	1,217,739,475	(495,100)
Public Protection Cabinet			
Office of the Secretary	283,200	274,700	(8,500)
Alcoholic Beverage Control	913,400	875,300	(38,100)
Housing, Buildings and Construction	2,210,900	2,210,900	0
Board of Claims/Crime Victims' Compensation	696,400	676,500	(19,900)
Board of Tax Appeals	417,700	417,700	0
Horse Racing Commission	3,106,800	3,106,800	0
Total-Public Protection Cabinet	7,628,400	7,561,900	(66,500)

<u>Appropriation Unit</u>	<u>FY 2009-2010 General Fund Current Appropriation</u>	<u>FY 2009-2010 General Fund Revised Appropriation</u>	<u>FY 2009-2010 General Fund Appropriation Modifications</u>
Tourism, Arts and Heritage Cabinet			
Office of the Secretary	3,144,900	3,056,200	(88,700)
Artisans Center	337,300	327,700	(9,600)
Travel	3,689,100	3,583,800	(105,300)
Parks	35,355,200	35,355,200	0
Kentucky Horse Park Commission	1,442,900	1,442,900	0
State Fair Board	181,000	181,000	0
Kentucky Historical Society	6,746,900	6,622,800	(124,100)
Arts Council	3,452,300	3,353,800	(98,500)
Kentucky Heritage Council	858,100	833,600	(24,500)
Kentucky Center for the Arts	1,426,400	1,397,000	(29,400)
Total-Tourism, Arts and Heritage Cabinet	56,634,100	56,154,000	(480,100)
Transportation Cabinet			
Highways	442,000	442,000	0
Public Transportation	4,911,641	4,771,241	(140,400)
Total-Transportation Cabinet	5,353,641	5,213,241	(140,400)
Statewide			
Capital Projects	800,000	800,000	0
GRAND TOTAL-EXECUTIVE BRANCH	8,403,856,111	8,357,594,211	(46,261,900)

NOW, THEREFORE, in addition to the actions heretofore enumerated there are other transfer actions that must be taken by the State Budget Director with the approval of the Governor of the Commonwealth for fiscal year 2009-2010 pursuant to the provisions of the General Fund Budget Reduction Plan enacted by the General Assembly, to wit:

Transfers to the General Fund

<u>Appropriation Unit</u>	<u>Account Number</u>	<u>FY 2009-2010</u>
General Government		
Kentucky Infrastructure Authority	1327-082	1,219,600
	1387-082	37,200
Department for Local Government	143D-112	44,800
	143D-112	9,600
	143D-112	345,600
		<u>1,656,800</u>
Energy and Environment Cabinet		
Environmental Protection	2406-129	10,000,000
Finance and Administration Cabinet		
Revenue	134K-130	3,500,000
	134L-130	2,750,000
	134M-130	1,000,000
	134N-130	2,750,000
		<u>10,000,000</u>
Health and Family Services Cabinet		
Behavioral Health Development and Intellectual Disabilities	138Q-729	10,220,000
Transportation Cabinet		
Vehicle Regulation	13GG-630	1,000,000
	137X-630	1,000,000
		<u>2,000,000</u>
GRAND TOTAL - EXECUTIVE BRANCH		<u>33,876,800</u>

FY 2009-2010 General Fund 2nd Budget Shortfall

	<u>Amount</u>
Budget Shortfall:	
Revenue Shortfall	99,900,000
Medicaid - Modification of Prior Appropriation Reduction	8,374,400
Total Budget Shortfall	<u>108,274,400</u>
 The Solution:	
Appropriation Reductions-Executive Branch	29,636,300
Appropriation Reductions Replaced with Federal Stimulus Funds	25,000,000
Other Two Branches	2,158,800
Severance Tax Dedicated Appropriation Adjustment	12,702,500
Fund Transfers	33,876,800
Expected Unbudgeted General Fund Lapses	4,900,000
Subtotal - Solution	<u>108,274,400</u>

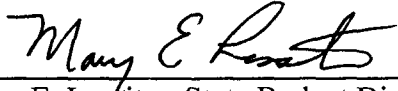
General Fund Budget Reduction Order 10-02

APPROVED AS TO FORM AND LEGALITY:

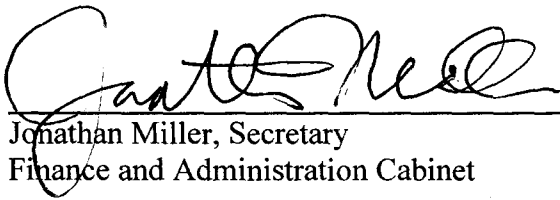


E. Jeffrey Mosley, General Counsel
Finance and Administration Cabinet

DONE AT FRANKFORT, KENTUCKY THIS 4th DAY OF JANUARY, 2010

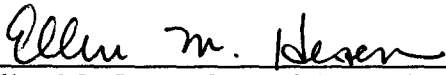


Mary E. Lassiter, State Budget Director
Office of State Budget Director



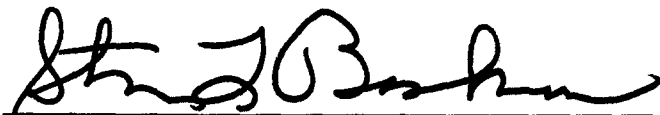
Jonathan Miller, Secretary
Finance and Administration Cabinet

EXAMINED:



Ellen M. Hesen, General Counsel
Office of the Governor

APPROVED:



Steven L. Beshear
Governor